MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

BAC4634 – CORPORATE ACCOUNTING II

(All sections / Groups)

10 FEBRUARY 2023
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **SIX (6)** pages excluding the cover page with **FOUR (4)** Questions only.

2. Attempt **ALL** questions. The distribution of the marks is shown at the end of each Question.

3. Please write all your answers in the answer booklet provided.

QUESTION 1

Blue Berhad, a Malaysian public listed company, purchased 80% of Jelly Ltd, a foreign operation, for RM1,986,000 on 1 January 2022. The functional currency of Blue Berhad is Ringgit Malaysia (RM) while the functional currency of Jelly Ltd is the J$. The followings are the financial statements of both companies.

Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Blue Berhad RM'000	Jelly Ltd J$'000
Revenue	19,680	29,240
Cost of sales	(11,740)	(16,320)
Gross profit	7,940	12,920
Operating expenses	(4,536)	(7,140)
Profit before tax	3,404	5,780
Tax expense	(1,060)	(1,700)
Profit for the year	2,344	4,080

Statement of financial position as at 31 December 2022

	Blue Berhad RM'000	Jelly Ltd J$'000
EQUITY AND LIABILITIES		
Ordinary shares	3,400	2,400
Retained earnings as at 1 January 2022	8,026	10,560
Profit for the year	2,344	4,080
Current liabilities	4,070	8,720
	17,840	25,760
ASSETS		
Property, plant and equipment	11,410	14,560
Investment in Jelly Ltd	1,986	-
Current assets	4,444	11,200
	17,840	25,760

Exchange rates were as follows:

1 January 2022	RM1:J$12
31 December 2022	RM1:J$8
Average rate for 2022	RM1:J$8.5

The non-controlling interests are measured at fair value of J$5,352,000 on 1 January 2022.

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Required:

In compliance with relevant MFRSs and using net investment method:

a) prepare a translated and consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 for Blue Group.
(8 marks)

b) prepare a translated and consolidated statement of financial position as at 31 December 2022 for Blue Group.
(17 marks)

(Total: 25 marks)

QUESTION 2

PART A

Lime Berhad engages in the beverage business. The followings are the extracts from the statement of financial position as at 31 December 2022:

	RM
Non-current assets	
Buildings	2,200,000
Plant and machinery	1,300,000
Development expenditure	200,000
Current assets	
Inventories	280,000
Trade receivables	505,000
Other receivables	85,000
Bank	110,000

Additional information:

i) The buildings have a residual value of RM1,590,000. They were revalued from their carrying value of RM1,800,000 to RM2,200,000 on 31 December 2022.
ii) Plant and machinery has a residual value of RM410,000.
iii) Development expenditure is a deductible expense under the tax laws.
iv) Trade receivables are stated net of bad debts of RM8,000, a specific provision of RM5,000 and a general provision of RM4,500.
v) Included in the other receivables was interest receivable amounting to RM40,000. The interest receivable will be taxed on receipt.
vi) As at 31 December 2021, Lime Berhad had a deferred tax liability of RM95,000.
vii) The tax rate is 30% for year 2021 and 2022.

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Required:

In compliance with the MFRS 121: *Income Taxes*:

a) calculate the deferred tax balance at 31 December 2022.

(12 marks)

b) prepare journal entries at 31 December 2022 to record deferred tax for the year.

(3 marks)

PART B

Lemon Berhad is facing an issue of excessive employees turnover. To solve the issue, Lemon Berhad granted 125 cash share appreciation rights to each of its 200 employees on 1 January 2020. The vesting condition states that the employees should continue to work for Lemon Berhad for three years. The management expects that 10 employees will leave each year. During three years, following employees left the company:

Year	No. of employees
2020	10
2021	12
2022	15

The fair value of the share appreciation rights for the year in which liability exists are shown below:

Year	Fair value
2020	RM25.00
2021	RM28.00
2022	RM33.00

Required:

In accordance with MFRS 2: *Share-based payments*:

a) calculate the amount to be presented in the statement of financial position and statement of profit or loss for year 2020, 2021 and 2022 (round up your answers).

(6 marks)

b) prepare the journal entries to record the expense and liability for year 2020, 2021 and 2022.

(4 marks)

(Total: 25 marks)

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QUESTION 3

PART A

Philia Berhad has operating segments A-F. The revenues (internal and external), profits and assets are set out below:

Segment	Total revenue (RM'000)	Profit / Loss (RM'000)	Total Assets (RM'000)
A	22,000	4,000	50,000
B	15,000	2,000	31,000
C	6,000	(2,000)	21,000
D	7,000	(1,000)	14,000
E	8,000	1,200	14,000
F	3,000	800	7,000
	61,000	5,000	137,000

Required:

a) In compliance with MFRS 8: *Operating Segments*, ascertain Philia Berhad's reportable segments.

(5 marks)

b) Philia Berhad needs to determine whether its head office is an operating segment or not. In accordance with MFRS 8, distinguish between a head office that is an operating segment and a head office that is not an operating segment.

(3 marks)

PART B

Misterio Berhad prepares interim half-yearly reports. Its financial year end is 31 December 2021.

Misterio Berhad depreciates its equipment at 20% using the straight-line method. The cost of the equipment on 30 June 2021 was RM500,000. The entity purchased new equipment at the cost of RM100,000 on 1 July 2021.

The entity often donates to non-governmental organisations at the end of the year. The donation amount budgeted for year 2021was RM 200,000.

Misterio Berhad carries out half-yearly maintenance in the first quarter of the year. However, the maintenance work costing RM100,000 was only carried out in July 2021.

Required:

In compliance with MFRS 134: *Interim Financial Reporting*, determine how the above items will be treated in the interim reports.

(7 marks)

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PART C

Oko Berhad provides a defined benefit plan for its employees. The financial year end is 30 June annually. The cost for the year is determined using the projected unit credit method. The following information is relevant for the year ended 30 June 2022.

i) The present value of the plan obligation to provide benefits to employees was RM405 million at 1 July 2021 and RM420 million at 30 June 2022.
ii) The fair value of the plan assets was RM400 million at 1 July 2021 and RM440 million at 30 June 2022.
iii) The current service cost for the year to 30 June 2022 at present value was RM7 million.
iv) The company contributed RM4 million to the fund for the year ending 30 June 2022.
v) The benefits paid to former employees in the year were RM15 million.
vi) The interest rate from 1 July 2021 was 5.25% and from 1 July 2022 is 6%.

Required:
In compliance with MFRS 119: *Employee Benefits*, determine the net actuarial gain or loss of Oko Berhad for the year ended 30 June 2022 (round up your answers).

(10 marks)

(Total: 25 marks)

QUESTION 4

PART A

i) In compliance with MFRS 9: *Financial Instruments*, distinguish between the classification of financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

(8 marks)

ii) Jicho Berhad issues a debt instrument for a price of RM13 million on 1 January 2017. The principal amount is RM13 million and is repayable on 31 December 2021. The interest rates specified in the debt agreement as a percentage of the principal amount is as follows:

Year	Interest rate (%)
2017	5%
2018	7%
2019	7.5%
2020	10%
2021	13%

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The interest rate that discounts the stream of future cash payment through maturity is 8%.

Required:

In compliance with MFRS 9: *Financial Instruments*, determine the amortised cost of Jicho Berhad over five years.

(8 marks)

PART B

Below are the carrying amounts of assets in one of Ollo Berhad's cash generating units (CGUs).

	RM
Goodwill	30,000
Land	400,000
Building	450,000
Machinery	150,000
Monetary assets	70,000
	1,100,000

i) The recoverable amount of the CGU is RM1,000,000.
ii) The land has a market value of RM500,000.

Required:

In compliance with MFRS 136: *Impairment of Assets*, determine the amount of impairment loss and allocate it accordingly.

(9 marks)

(Total: 25 marks)

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